

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1035-01
Bill No.: SB 263
Subject: Teachers; Retirement–Schools; Education–Elementary & Secondary
Type: Original
Date: February 12, 2001

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
None	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> State Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
None	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
Local Government	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 3 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials with the **Joint Committee on Public Employee Retirement** have reviewed this proposal and determined an actuarial study is not needed under the provisions of section 105.660, subdivision (5).

Officials with the Office of Administration assume there should be no fiscal impact from this proposal, but note that the Public School Retirement System should determine any costs.

Public School Retirement System (PSRS) officials assume that the proposal would allow PSRS to continue to pay benefits and collect contributions as currently established in state law. They note that the U.S. Congress set limits on benefits derived from qualified defined benefit plans (such as PSRS) but subsequently passed "Excess Plan" language in section 415(b) of federal tax code to allow for the payment of these benefits. Officials assume the current proposal would not allow any benefit payments beyond those contained in current state law, but would merely allow PSRS to continue to pay benefits as authorized by state law without limitations from the federal government. Therefore, there would be no cost to the system as a result of the proposal.

<u>FISCAL IMPACT - State Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

DESCRIPTION

This act authorizes the Public School Retirement System Board of Trustees to establish a benefit plan with benefits in excess of the federal maximum benefit amount established in 26 U.S.C. 415. Such "secondary" plans are authorized in 26 U.S.C. 415(m)(3)(A) and may only be used to provide the benefits in excess of the federal maximum benefit amounts.

This act is the same as SB 816 (2000).

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Joint Committee on Public Employee Retirement
Office of Administration
Public School Retirement System



Jeanne Jarrett, CPA
Director

February 12, 2001